

Clouds over W&E while IM keeps on rocking

Vaisala delivered a better than expected Q1 result. Overall, Vaisala is well positioned to weather the corona storm, but clouds are gathering above W&E as project business is exposed to the pandemic. Given the uncertainty to W&E's performance in H2, we do not see short term risk/reward profile particularly attractive now. Based on our slightly raised estimates, we raise our target price to 26€ (prev. 25€), our recommendation is now HOLD (prev. SELL).

No major impact of corona in Q1

Vaisala delivered a better than expected Q1 result as corona did not have major impact on business in the quarter and delivery capabilities remained good. Q1 net sales grew 4% to 87.2 MEUR vs. 84.5 MEUR our expectation and 84.3 MEUR consensus. Q1 reported EBIT was 5.2 MEUR (6% margin) vs. our expectation of 2.1 MEUR (3.2 MEUR consensus). EBIT improvement was due to strong 3pp improvement in gross margins (56.4% vs. 53.2% Q1'19), which was attributed to projects and digital services in W&E and exceptionally high GM of 65.8% in IM. Q1 order intake decreased -21% due to lower order intake in W&E. It's worth noting however that order intake comparison period was exceptionally good (including two large projects) and variations between quarters can be large depending on timing of projects. Order book grew +2% q/q and -6% y/y. The Ethiopian project order (13 MEUR) is not yet included in order book.

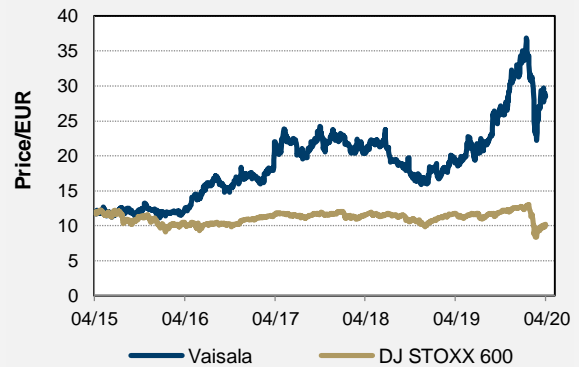
W&E business exposed while IM continues on track

Vaisala reiterated its 2020 guidance (updated on April 21st); expecting net sales of 370-405 MEUR and EBIT of 34-46 MEUR. With W&E's current strong order book, descent order intake, and delivery capabilities remaining at current acceptable levels, we expect W&E business to perform well in H1. The effects of the corona pandemic impact more on W&E business in H2, where delays or postponements of projects become more likely if current situation is prolonged. Vaisala sees developed countries market remaining more stable while developing countries being more hit by the pandemic. IM is expected to continue growing, albeit slower than last year's organic growth of roughly 9.5%.

Valuation stretched given weakened financial outlook in W&E

We've only made small adjustments to our estimates based on the report. We expect IM to continue performing well, while W&E to decline in H2 partly due the pandemic and high comparison period. We expect 2020e net sales to decline 3% to 392 MEUR and reported EBIT to decline to 39 MEUR, mainly due to the lower performance in W&E in H2.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 28.65
Target price, EUR 26.0

Latest change in recommendation 28-Apr-20
Latest report on company 22-Apr-20
Research paid by issuer: YES
No. of shares outstanding, '000's 35,881
No. of shares fully diluted, '000's 35,881
Market cap, EURm 1,028
Free float, % -
Exchange rate EUR/USD -
Reuters code VAIAS.HE
Bloomberg code VAIAS FH
Average daily volume, EURm -
Next interim report 21-Jul-20
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🟢 BUY 🟡 HOLD 🔴 SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	348.8	39.0	11.2%	-17.7	0.83	22.2	1.8	16.4	-2.7	0.58
2019	403.6	41.1	10.2%	4.6	0.93	34.6	2.9	28.1	0.4	0.61
2020E	391.8	39.0	9.9%	34.1	0.86	33.2	2.6	25.9	3.3	0.63
2021E	409.5	45.6	11.1%	35.1	1.02	28.2	2.4	21.9	3.4	0.65
2022E	430.2	53.0	12.3%	38.1	1.11	25.9	2.3	18.6	3.7	0.68
Market cap, EURm		1,028	Gearing 2020E, %			-8.2	CAGR EPS 2019-22, %			5.8
Net debt 2020E, EURm		-17	Price/book 2020E			5.0	CAGR sales 2019-22, %			2.2
Enterprise value, EURm		1,011	Dividend yield 2020E, %			2.2	ROE 2020E, %			15.3
Total assets 2020E, EURm		354	Tax rate 2020E, %			19.7	ROCE 2020E, %			15.8
Goodwill 2020E, EURm		55	Equity ratio 2020E, %			58.6	PEG, P/E 20/CAGR			2.7

All the important disclosures can be found on the last pages of this report.

Electronic Equipment & Instruments/Finland, April 29, 2020
Company update

On our estimates, Vaisala is still trading at clear premiums compared to our peer group. Also, our 2020-21e PPA-adjusted EV/EBIT multiples of 22x and 19x, are ~25% above our peer group. Given the uncertainty to W&E's performance this year, we do not see short term risk/reward profile particularly attractive now. Based on our slightly raised estimates, we raise our target price to 26€ (prev. 25€), our recommendation is now HOLD (prev. SELL). Our target price values Vaisala at 20-21e EV/EBIT multiples of 23.5x and 20x which is above peer group, reflecting Vaisala's strong sustainability profile, growing dividend, and especially IM's highly profitable growth with possibility of further add-on acquisitions.

Interim figures	2017	2018	Q1'19	Q2'19	Q3'19	Q4'19	2019	Q1'20	Q2'20E	Q3'20E	Q4'20E	2020E	2021E
Net sales	332,6	348,8	84,2	96,1	105,2	118,1	403,6	87,2	93,5	99,9	111,2	391,8	409,5
Weather & Environment	222,2	232,3	49,6	60,7	69,1	81,9	261,3	51,8	56,4	62,1	73,5	243,8	251,1
Industrial Measurements	110,3	116,5	34,6	35,4	36,1	36,3	142,4	35,4	37,1	37,8	37,7	148,0	158,4
EBITDA	50,6	51,1	6,3	12,9	21,8	23,6	64,6	10,1	13,1	19,0	17,7	59,9	69,6
D&A	9,7	12,1	6,3	5,7	5,4	6,0	23,5	4,9	5,0	5,5	5,5	20,9	24,0
EBIT	40,9	38,9	0,0	7,2	16,3	17,6	41,1	5,2	8,1	13,5	12,2	39,0	45,6
Weather & Environment	18,2	17,7	-4,3	0,6	9,3	12,0	17,7	-2,4	0,2	5,1	6,9	9,8	15,1
Industrial Measurements	22,8	23,9	4,6	7,5	8,5	5,4	26,0	7,6	7,9	8,7	5,6	29,8	33,0
Other operations	-0,2	-2,7	-0,3	-0,9	-1,5	0,1	-2,6	0,0	0,0	-0,3	-0,3	-0,6	-2,5
EBIT excl. IAC	41,7	42,6	3,0	9,4	18,4	19,9	50,7	6,9	9,6	15,5	14,2	46,2	53,6
<i>Sales growth %</i>	<i>4,2 %</i>	<i>4,9 %</i>	<i>10,2 %</i>	<i>20,0 %</i>	<i>25,1 %</i>	<i>9,0 %</i>	<i>15,7 %</i>	<i>3,6 %</i>	<i>-2,7 %</i>	<i>-5,0 %</i>	<i>-5,8 %</i>	<i>-2,9 %</i>	<i>4,5 %</i>
<i>EBITDA margin %</i>	<i>15,2 %</i>	<i>14,7 %</i>	<i>7,4 %</i>	<i>13,4 %</i>	<i>20,7 %</i>	<i>20,0 %</i>	<i>16,0 %</i>	<i>11,6 %</i>	<i>14,0 %</i>	<i>19,1 %</i>	<i>15,9 %</i>	<i>15,3 %</i>	<i>17,0 %</i>
<i>EBIT margin %</i>	<i>12,3 %</i>	<i>11,2 %</i>	<i>0,0 %</i>	<i>7,5 %</i>	<i>15,5 %</i>	<i>14,9 %</i>	<i>10,2 %</i>	<i>6,0 %</i>	<i>8,6 %</i>	<i>13,6 %</i>	<i>10,9 %</i>	<i>9,9 %</i>	<i>11,1 %</i>
<i>Adj. EBIT margin %</i>	<i>12,5 %</i>	<i>12,2 %</i>	<i>3,5 %</i>	<i>9,8 %</i>	<i>17,4 %</i>	<i>16,9 %</i>	<i>12,6 %</i>	<i>7,9 %</i>	<i>10,2 %</i>	<i>15,6 %</i>	<i>12,7 %</i>	<i>11,8 %</i>	<i>13,1 %</i>

VAISALA PEER GROUP	Security identifier	EBIT % 20E	EBIT % 21E	EBITDA % 20E	EBITDA % 21E	ROCE % 20E	ROCE % 21E
Keysight Technologies	KEYS-US	24,0	24,9	27,5	27,9	16,6	16,2
National Instruments Corp.	NATI-US	15,6	0,0	19,8	21,8	13,3	14,6
Spectris	SXS-GB	13,6	15,0	17,9	19,0	12,3	13,5
Oxford Instruments	OXIG-GB	13,1		15,7	17,2	15,6	16,9
Trimble	TRMB-US	17,0	19,1	20,1	21,7	9,4	10,7
Hexagon	HEXA.B-SE	22,8	24,9	32,3	34,0	9,2	10,5
Peer Group Average		17,7	21,0	22,2	23,6	12,7	13,7
Peer Group Median		16,3	22,0	19,9	21,7	12,8	14,1
Vaisala (Evli est.)		9,9	11,1	15,3	16,7	15,8	18,5
<i>Premium/discount to peer median</i>		-39 %	-49 %	-23 %	-23 %	23 %	31 %

VAISALA PEER GROUP	Security identifier	ROE % 20E	ROE % 21E	DIV % 20E	DIV % 21E	P/E 20E	P/E 21E
Keysight Technologies	KEYS-US	28	25	0,0	0,0	19,7x	18,0x
National Instruments Corp.	NATI-US	14	12	2,8	2,9	29,6x	31,0x
Spectris	SXS-GB	11	13	1,9	2,5	21,5x	17,9x
Oxford Instruments	OXIG-GB	12	14	1,1	1,2	24,7x	20,6x
Trimble	TRMB-US	12	13	0,0	0,0	19,8x	16,2x
Hexagon	HEXA.B-SE	11	12	1,4	1,6	22,3x	18,7x
Peer Group Average		14,7	14,9	1,2	1,4	22,9x	20,4x
Peer Group Median		12,0	12,9	1,3	1,4	21,9x	18,4x
Vaisala (Evli est.)		15,3	17,0	2,2	2,3	33,2	28,2
<i>Premium/discount to peer median</i>		27 %	33 %	72 %	60 %	52 %	53 %

VAISALA PEER GROUP	Security identifier	EV/S 20E	EV/S 21E	EV/EBITDA 20E	EV/EBITDA 21E	EV/EBIT 20E	EV/EBIT 21E
Keysight Technologies	KEYS-US	4,2x	4,0x	15,2x	14,4x	17,4x	16,1x
National Instruments Corp.	NATI-US	3,5x	3,2x	17,9x	14,8x	22,7x	18,4x
Spectris	SXS-GB	2,2x	2,0x	12,1x	10,4x	15,8x	13,2x
Oxford Instruments	OXIG-GB	2,1x	1,9x	13,1x	10,9x	15,7x	13,1x
Trimble	TRMB-US	3,1x	2,7x	15,2x	12,5x	18,0x	14,1x
Hexagon	HEXA.B-SE	4,5x	4,0x	14,0x	11,8x	19,9x	16,2x
Peer Group Average		3,3x	3,0x	14,6x	12,5x	18,3x	15,2x
Peer Group Median		3,3x	3,0x	14,6x	12,2x	17,7x	15,1x
Vaisala (Evli est.)		2,6x	2,4x	16,9x	14,6x	25,9x	21,9x
<i>Premium/discount to peer median</i>		-22 %	-18 %	16 %	20 %	46 %	45 %

VAISALA PEER GROUP	Security identifier	Sales growth 20E	Sales growth 21E	Net debt / EBITDA 20E	Net debt / EBITDA 21E	Equity ratio % 20E	Equity ratio % 21E
Keysight Technologies	KEYS-US	2,5%	5,3%	0,2x	0,3x	48,7	54,1
National Instruments Corp.	NATI-US	-3,1%	0,0%	-1,1x	-1,2x	74,0	75,9
Spectris	SXS-GB	-14,6%	6,4%	-0,2x	-0,4x	66,5	66,5
Oxford Instruments	OXIG-GB	-10,0%		-1,3x	-1,4x	61,5	64,3
Trimble	TRMB-US	-4,9%	8,0%	2,2x	1,3x	49,5	52,7
Hexagon	HEXA.B-SE	-5,3%	9,0%	1,4x	0,8x	59,1	60,1
Peer Group Average		-5,9%	7,1%	0,2x	-0,1x	59,9	62,3
Peer Group Median		-5,1%	7,2%	0,0x	0,0x	60,3	62,2
Vaisala (Evli est.)		-2,9%	4,5%	-0,3x	-0,4x	58,6	61,1
<i>Premium/discount to peer median</i>		-43 %	-37 %	-4762 %	1982 %	-3 %	-2 %

VAISALA PEER GROUP	Security identifier	P/B 20E	P/B 21E
Keysight Technologies	KEYS-US	5,1	4,2
National Instruments Corp.	NATI-US	4,0	3,7
Spectris	SXS-GB	2,3	2,2
Oxford Instruments	OXIG-GB	2,9	2,7
Trimble	TRMB-US	2,2	2,0
Hexagon	HEXA.B-SE	2,4	2,2
Peer Group Average		3,2	2,8
Peer Group Median		2,7	2,5
Vaisala (Evli est.)		5,0	5,0
<i>Premium/discount to peer median</i>		86 %	102 %

Source: Factset, Evli Research

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	84.2	96.1	105.2	118.1	403.6	87.2	93.5	99.9	111.2	391.8	409.5	430.2
EBITDA	6.3	13.0	21.8	23.6	64.7	10.1	13.1	19.0	17.7	59.9	68.3	75.1
<i>EBITDA margin (%)</i>	<i>7.5</i>	<i>13.5</i>	<i>20.7</i>	<i>20.0</i>	<i>16.0</i>	<i>11.6</i>	<i>14.0</i>	<i>19.1</i>	<i>15.9</i>	<i>15.3</i>	<i>16.7</i>	<i>17.4</i>
EBIT	0.0	7.2	16.3	17.6	41.1	5.2	8.1	13.5	12.2	39.0	45.6	53.0
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>7.5</i>	<i>15.5</i>	<i>14.9</i>	<i>10.2</i>	<i>6.0</i>	<i>8.6</i>	<i>13.6</i>	<i>10.9</i>	<i>9.9</i>	<i>11.1</i>	<i>12.3</i>
Net financial items	0.2	-0.7	0.6	-1.1	-1.0	-0.2	0.3	-0.2	-0.2	-0.4	0.0	0.0
Pre-tax profit	0.2	6.5	16.9	16.5	40.1	5.0	8.3	13.3	11.9	38.5	45.6	53.0
Tax	0.0	-1.4	-3.6	-1.5	-6.5	-0.9	-1.7	-2.7	-2.4	-7.6	-9.1	-13.2
<i>Tax rate (%)</i>	<i>25.0</i>	<i>21.5</i>	<i>21.3</i>	<i>9.2</i>	<i>16.4</i>	<i>18.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>19.7</i>	<i>20.0</i>	<i>25.0</i>
Net profit	0.2	5.1	13.3	15.0	33.5	4.1	6.7	10.6	9.5	30.9	36.5	39.8
EPS	0.00	0.14	0.37	0.42	0.93	0.11	0.19	0.30	0.27	0.86	1.02	1.11
EPS adjusted (diluted no. of shares)	0.00	0.14	0.37	0.42	0.93	0.11	0.19	0.30	0.27	0.86	1.02	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.61	0.00	0.00	0.00	0.00	0.63	0.65	0.68
SALES, EURm												
Weather and Environment	49.6	60.7	69.1	81.9	261.3	51.8	56.4	62.1	73.5	243.8	251.1	259.1
Industrial Measurements	34.6	35.4	36.1	36.3	142.4	35.4	37.1	37.8	37.7	148.0	158.4	171.1
Total	84.2	96.1	105.2	118.1	403.6	87.2	93.5	99.9	111.2	391.8	409.5	430.2
SALES GROWTH, Y/Y %												
<i>Weather and Environment</i>	<i>3.1</i>	<i>16.7</i>	<i>26.6</i>	<i>5.5</i>	<i>12.5</i>	<i>4.4</i>	<i>-7.1</i>	<i>-10.1</i>	<i>-10.2</i>	<i>-6.7</i>	<i>3.0</i>	<i>3.2</i>
<i>Industrial Measurements</i>	<i>22.7</i>	<i>26.0</i>	<i>22.4</i>	<i>18.1</i>	<i>22.2</i>	<i>2.3</i>	<i>4.8</i>	<i>4.7</i>	<i>4.0</i>	<i>4.0</i>	<i>7.0</i>	<i>8.0</i>
Total	10.4	20.0	25.1	9.0	15.7	3.6	-2.7	-5.0	-5.8	-2.9	4.5	5.1
EBIT, EURm												
Weather and Environment	-4.3	0.6	9.3	12.0	17.7	-2.4	0.2	5.1	6.9	9.8	15.1	18.5
Industrial Measurements	4.6	7.5	8.5	5.4	26.0	7.6	7.9	8.7	5.6	29.8	33.0	37.0
Other	-0.3	-0.9	-1.5	0.1	-2.6	0.0	0.0	-0.3	-0.3	-0.6	-2.5	-2.5
Total	0.0	7.2	16.3	17.6	41.1	5.2	8.1	13.5	12.2	39.0	45.6	53.0
EBIT margin, %												
<i>Weather and Environment</i>	<i>-8.7</i>	<i>1.0</i>	<i>13.5</i>	<i>14.7</i>	<i>6.8</i>	<i>-4.6</i>	<i>0.3</i>	<i>8.3</i>	<i>9.3</i>	<i>4.0</i>	<i>6.0</i>	<i>7.1</i>
<i>Industrial Measurements</i>	<i>13.3</i>	<i>21.2</i>	<i>23.6</i>	<i>15.0</i>	<i>18.3</i>	<i>21.4</i>	<i>21.2</i>	<i>23.0</i>	<i>14.9</i>	<i>20.1</i>	<i>20.8</i>	<i>21.6</i>
Total	0.0	7.5	15.5	14.9	10.2	6.0	8.6	13.6	10.9	9.9	11.1	12.3

Electronic Equipment & Instruments/Finland, April 29, 2020
Company update

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	318.6	319.2	332.6	348.8	403.6	391.8	409.5	430.2
<i>Sales growth (%)</i>	<i>6.3</i>	<i>0.2</i>	<i>4.2</i>	<i>4.9</i>	<i>15.7</i>	<i>-2.9</i>	<i>4.5</i>	<i>5.1</i>
EBITDA	44.6	46.3	50.3	51.1	64.7	59.9	68.3	75.1
<i>EBITDA margin (%)</i>	<i>14.0</i>	<i>14.5</i>	<i>15.1</i>	<i>14.7</i>	<i>16.0</i>	<i>15.3</i>	<i>16.7</i>	<i>17.4</i>
Depreciation	-14.7	-13.5	-9.5	-12.1	-23.6	-20.9	-22.7	-22.1
EBITA	29.9	32.8	40.8	39.0	41.1	39.0	45.6	53.0
Goodwill amortization / writedown	-0.4	-10.6	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	29.5	22.2	40.8	39.0	41.1	39.0	45.6	53.0
<i>EBIT margin (%)</i>	<i>9.3</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>10.2</i>	<i>9.9</i>	<i>11.1</i>	<i>12.3</i>
Reported EBIT	29.5	22.2	40.8	39.0	41.1	39.0	45.6	53.0
<i>EBIT margin (reported) (%)</i>	<i>9.3</i>	<i>7.0</i>	<i>12.3</i>	<i>11.2</i>	<i>10.2</i>	<i>9.9</i>	<i>11.1</i>	<i>12.3</i>
Net financials	3.4	-0.2	-2.8	-1.4	-1.0	-0.4	0.0	0.0
Pre-tax profit	32.9	22.0	38.0	37.6	40.1	38.5	45.6	53.0
Taxes	-5.5	-3.3	-10.9	-8.0	-6.5	-7.6	-9.1	-13.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	27.4	18.7	27.1	29.6	33.5	30.9	36.5	39.8
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	63	46	46	72	83	82	80	79
Goodwill	16	17	16	55	55	55	55	55
Right of use assets	0	0	0	12	12	12	12	13
Inventory	39	32	29	32	40	38	40	42
Receivables	77	78	84	93	105	102	107	112
Liquid funds	59	72	91	73	56	55	57	60
Total assets	264	255	274	347	361	354	362	371
Liabilities								
Shareholder's equity	181	179	186	183	198	207	221	238
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	12	11	12	12	13
Deferred taxes	5	0	1	9	8	8	8	8
Interest bearing debt	0	0	0	41	40	26	15	3
Non-interest bearing current liabilities	75	71	81	89	94	91	95	100
Other interest-free debt	3	4	5	9	7	7	7	7
Total liabilities	264	255	274	347	361	354	362	371
CASH FLOW, EURm								
+ EBITDA	45	46	50	51	65	60	68	75
- Net financial items	59	0	-3	-1	-1	0	0	0
- Taxes	-7	-9	-7	-9	-8	-8	-9	-13
- Increase in Net Working Capital	2	2	7	-4	-16	1	-2	-3
+/- Other	-59	3	2	11	0	0	0	0
= Cash flow from operations	39	42	49	48	40	53	57	59
- Capex	-8	-8	-8	-14	-35	-19	-22	-21
- Acquisitions	0	0	-2	-52	0	0	0	0
+ Divestments	0	1	0	0	0	0	0	0
= Free cash flow	31	35	39	-18	5	34	35	38
+/- New issues/buybacks	0	-4	-2	5	3	0	0	0
- Paid dividend	-16	-17	-18	-37	-21	-22	-23	-23
+/- Other	-3	-1	0	31	-3	-14	-10	-12
Change in cash	12	13	19	-19	-16	-2	2	3

Electronic Equipment & Instruments/Finland, April 29, 2020
Company update

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	602	794	659	1,159	1,028	1,028	1,028
Net debt (excl. convertibles)	-72	-91	-20	-5	-17	-29	-44
Enterprise value	529	703	638	1,154	1,011	998	984
Sales	319	333	349	404	392	409	430
EBITDA	46	50	51	65	60	68	75
EBIT	22	41	39	41	39	46	53
Pre-tax	22	38	38	40	39	46	53
Earnings	19	27	30	34	31	36	40
Equity book value (excl. minorities)	179	186	183	198	207	221	238
Valuation multiples							
EV/sales	1.7	2.1	1.8	2.9	2.6	2.4	2.3
EV/EBITDA	11.4	14.0	12.5	17.8	16.9	14.6	13.1
EV/EBITA	16.1	17.2	16.4	28.1	25.9	21.9	18.6
EV/EBIT	23.8	17.2	16.4	28.1	25.9	21.9	18.6
EV/OCF	12.7	14.3	13.2	28.9	19.0	17.5	16.6
EV/FCFF	14.9	17.1	-38.5	141.1	26.6	25.3	23.0
P/FCFE	34.0	40.6	-37.2	250.6	30.2	29.3	27.0
P/E	32.2	29.3	22.2	34.6	33.2	28.2	25.9
P/B	3.4	4.3	3.6	5.8	5.0	4.7	4.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	15.3	13.2	11.8
Target EV/EBIT	0.0	0.0	0.0	0.0	23.5	19.8	16.8
Target EV/FCF	0.0	0.0	0.0	0.0	26.9	25.7	23.3
Target P/B	0.0	0.0	0.0	0.0	4.5	4.2	3.9
Target P/E	0.0	0.0	0.0	0.0	30.2	25.6	23.5
Per share measures							
Number of shares	35,703	35,692	35,790	35,881	35,881	35,881	35,881
Number of shares (diluted)	35,703	35,692	35,790	35,881	35,881	35,881	35,881
EPS	0.52	0.76	0.83	0.93	0.86	1.02	1.11
Operating cash flow per share	1.17	1.38	1.35	1.11	1.49	1.59	1.65
Free cash flow per share	0.99	1.10	-0.49	0.13	0.95	0.98	1.06
Book value per share	5.00	5.20	5.11	5.52	5.77	6.16	6.62
Dividend per share	0.50	1.05	0.58	0.61	0.63	0.65	0.68
Dividend payout ratio, %	95.5	138.3	70.1	65.3	73.1	63.9	61.0
Dividend yield, %	3.0	4.7	3.2	1.9	2.2	2.3	2.4
FCF yield, %	5.9	4.9	-2.7	0.4	3.3	3.4	3.7
Efficiency measures							
ROE	10.4	14.9	16.1	17.6	15.3	17.0	17.3
ROCE	12.4	22.4	18.5	17.0	15.8	18.5	21.1
Financial ratios							
Inventories as % of sales	10.1	8.6	9.2	9.8	9.8	9.8	9.8
Receivables as % of sales	24.3	25.3	26.7	26.0	26.0	26.0	26.0
Non-interest bearing liabilities as % of sales	22.2	24.4	25.5	23.2	23.2	23.2	23.2
NWC/sales, %	12.1	9.5	10.1	12.7	12.7	12.7	12.7
Operative CAPEX/sales, %	2.4	2.5	4.1	8.7	4.9	5.3	4.9
CAPEX/sales (incl. acquisitions), %	2.4	1.9	-10.7	8.7	4.9	5.3	4.9
FCFF/EBITDA	0.8	0.8	-0.3	0.1	0.6	0.6	0.6
Net debt/EBITDA, book-weighted	-1.6	-1.8	-0.4	-0.1	-0.3	-0.4	-0.6
Debt/equity, market-weighted	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	70.0	67.7	52.8	54.9	58.6	61.1	64.0
Gearing, %	-40.5	-49.2	-11.0	-2.5	-8.2	-13.3	-18.6

COMPANY DESCRIPTION: Vaisala develops, manufactures and markets products and services for environmental and industrial measurement. Vaisala's strategy relies on R&D and focusing on technology leadership in its selected segments. Vaisala has two segments: Weather & Environment (W&E), and Industrial Measurement (IM). The W&E customers include meteorological institutes, airports, roads and railroad, defense, and energy industry. IM serves industrial customers in life science, power transmission, and targeted industrial applications offering a broad range of measurement instruments to ensure operational quality and productivity. Headquartered in Finland, Vaisala employs around 1,850 professionals worldwide.

INVESTMENT CASE: Vaisala should continue to profitably grow due to continued good growth in IM, with possible additional organic and non-organic opportunities in other niche areas supporting growth, and a more stable outlook for W&E. Vaisala benefits from its strong R&D based market leadership in both segments, with main profitability drivers being economies of scale and increasing share of IM sales. The healthy business and strong net cash position support ability to pay an increasing dividend.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Novamator Oy	3,774,792	108.148	10.5%
Nordea Bank Ab (publ), Finnish Branch	3,186,914	91.305	8.9%
Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch	2,247,215	64.383	6.3%
Finnish Academy of Science and Letters	2,130,832	61.048	5.9%
Mandatum Life Insurance Company Ltd.	1,533,300	43.929	4.3%
Nordea Nordic Small Cap Fund	1,475,832	42.283	4.1%
Ilmarinen Mutual Pension Insurance Company	1,470,628	42.133	4.1%
Weisell-Säätiö Sr	1,440,000	41.256	4.0%
Voipio Mikko	1,268,312	36.337	3.5%
Caspers Anja	969,496	27.776	2.7%
Ten largest	19,497,321	558.598	54%
Residual	16,383,679	469.392	46%
Total	35,881,000	1,027.991	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Kjell Forsén

CFO: Kaarina Muurinen

IR: Paula Liimatta

Vanha Nurmijärventie 21, 01670 Vantaa

Tel:

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

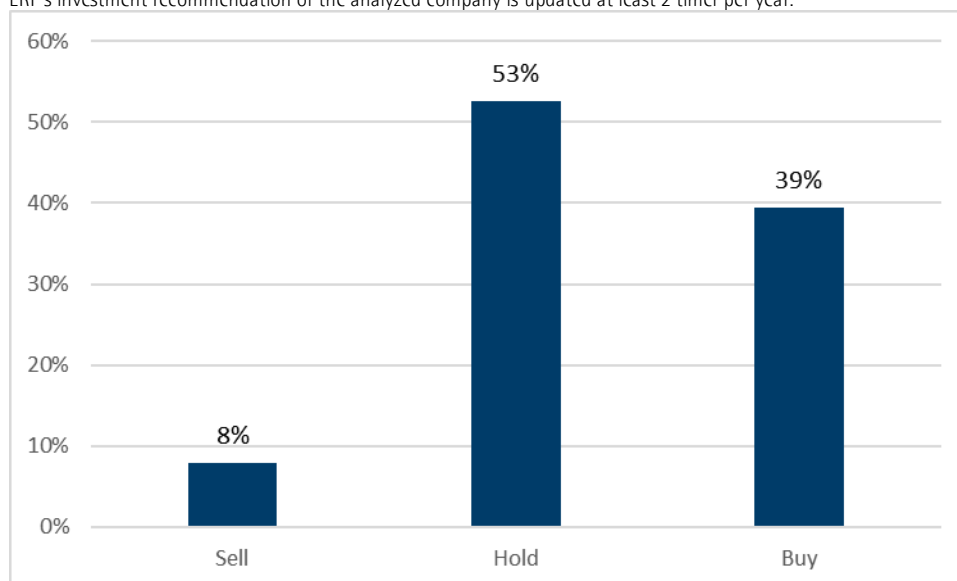
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Forslund

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